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ECONOMIC INTELLIGENCE COMMITTEE

Control No. 488310  
EIC-M-76  
11 September 1958

Minutes of Meeting Held in  
Room 1121, Temporary "M" Building  
26th and Constitution Avenue, N. W.

11 September 1958

PRESENT:

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[REDACTED] Acting Chairman  
Commander Charles B. Brouillette, Department of the Navy  
Captain Felix Caracciolo, Department of the Navy  
Lt. Col. James T. DeVoss, The Joint Staff  
Mr. John W. Easton, The Joint Staff  
\*Mr. Leo Goodman, Department of State  
Mr. J. Bruce Hamilton, Department of State  
Mr. Kingsley W. Hamilton, Department of the Air Force  
Commander Ross R. Hirshfeld, The Joint Staff  
Dr. Wilhelm Anderson, Department of Agriculture  
Mr. Frank M. Charrette, International Cooperation Administration  
Mr. Robert L. Finley, Office of Civil and Defense Mobilization  
Mr. Robert E. Simpson, Department of Commerce  
Mr. Frank H. Whitehouse, Office of the Secretary of Defense

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Executive Secretary

*\*\* J. Duncan Holmes, Dept of the Army*

ANNOUNCEMENTS:

1. The Acting Chairman introduced Lt. Col. DeVoss, who has been designated as an alternate EIC representative from The Joint Staff, vice Commander Ross Hirshfeld, who is being reassigned. He expressed the thanks of the group to Cdr. Hirshfeld for his yeoman service in a number of special substantive fields, including transportation and shipping.

\* Present only during part of meeting.

*\* omitted by mistake*

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2. Mr. Leo Goodman, Department of State, who will be replacing Mr. George A. Pope on the Requirements Subcommittee, was also introduced.

APPROVAL OF MINUTES:

3. The Minutes of the EIC meeting on 31 July (EIC-M-74) were approved with minor revisions. Minutes of the EIC meeting on 12 August (EIC-M-75) were also approved. The Acting Chairman noted that the IAC, in its Annual Report to the NSC on the Status of Foreign Intelligence, had included only a brief statement in the conclusions on economic intelligence and that the IAC had decided to send only the conclusions of the draft status report to the NSC. Copies of the paragraph on economic intelligence as forwarded by the IAC were distributed to EIC representatives.

EIC-S-30, "SURVEY OF PROFESSIONAL PERSONNEL ENGAGED IN ECONOMIC INTELLIGENCE AND RELATED ECONOMIC RESEARCH ON SINO-SOVIET BLOC AND NON-BLOC AREAS"

4. The Army representative reported that he had checked on the Army contract personnel included in EIC-S-30, about which he had not been sure (see paragraph 7, EIC-M-74, Revised), and found that these contract figures represent long standing contracts, renewed regularly, for the production of intelligence the greater part of which is in support of the Technical Services military intelligence responsibilities.

PROPOSED MERGER OF EDIC WITH EIC (EIC-D-317, 7 August 1958)

5. Discussion: The proposed merger of the Economic Defense Intelligence Committee (EDIC) with the EIC was discussed in some detail. EDIC had already considered the matter and at its meeting on 3 September 1958 ratified its Final Report to the IAC and agreed to request the IAC to merge the economic intelligence functions of EDIC with those of the EIC as a Subcommittee on Economic Defense. The Economic Defense Advisory Committee (EDAC) had also been consulted and Admiral Delaney advised that the proposed change would be satisfactory to that agency, with the understanding that the new EIC Subcommittee would "continue to serve its necessary function in economic defense matters." The Army representative restated their comments with respect to the merger, previously made by their EDIC representative, raising the question as to whether or not,

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under the EIC with an additional layer of control in the review process of intelligence production, there would be basic changes in the recent form of EDIC production assignment and in the timeliness of reporting which would adversely affect the character, quality, and timeliness of the intelligence support presently provided by EDIC. The Army representative requested that this be made a matter of record, and suggested that the EIC Subcommittee on Economic Defense, if established, be given enough autonomy within the EIC so that it might report directly to its requestors.

6. Action: The assurances of the Chairman of the EIC, as set out in his memorandum to EDIC dated 22 August 1958, were agreed to have met these objections and to provide an appropriate basis for the establishment of Terms of Reference for an Economic Defense Subcommittee within the EIC, if the merger is approved. The EIC endorsed the recommendation to incorporate the Economic Defense Intelligence Committee as a Subcommittee of the Economic Intelligence Committee. It was further agreed that the Executive Secretary of the IAC be requested to include in his memorandum to IAC members transmitting the EDIC Final Report, a statement to the effect that the EIC had considered the proposed merger at its meeting on 11 September and concurs in the EDIC recommendation.

REVIEW OF ACTIVITIES OF SUBCOMMITTEE ON REQUIREMENTS AND FACILITIES FOR COLLATION

7. Discussion: The Executive Secretary of the Subcommittee on Requirements and Facilities for Collation, [REDACTED] commented briefly on the activities of the Subcommittee. He noted that, while the Subcommittee as a whole has been relatively inactive, two programs developed by the Subcommittee have been quite active [REDACTED]

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[REDACTED] and the Economic Reporting Guide Program, backstopping the collection of economic intelligence by the State Department. The present SC Chairman is being reassigned by his department, and a new Chairman will, no doubt, wish to look at the SC operations and make recommendations for its future program.

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8. Action: The Acting Chairman noted that this SC has been one of the most successful within the EIC, and that many of the programs which it helped develop, such as [REDACTED] CERP, and NSCID 16 on Foreign Language exploitation, have been of great importance. The Economic Area of ORR is now trying a new approach on collection requirements and in their preparation are referring explicitly to the PNEIO's and the PNEIO's. It is intended that these statements should go to the appropriate substantive SC's for review and then to the Requirements SC for appropriate action.

REVIEW OF ACTIVITIES OF THE SUBCOMMITTEE ON SHIPBUILDING

9. Discussion: The Chairman of the Subcommittee on Shipbuilding, Captain Felix Caracciolo, spoke briefly on the activities of the SC and its usefulness as a convenient forum for the exchange of information in this field. It was noted that members of the SC are active in the preparations for [REDACTED]

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10. Action: The SC, and its officers, were commended for the work which they have done, and for the program which they have in progress. The SC was asked to review their priority research deficiencies in the light of the new PNEIO's, and to review the SC Terms of Reference in line with the new Model Terms of Reference recently sent all Subcommittees.

[REDACTED]  
Executive Secretary

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INTERIM ACTION NOTES:

1. The EIC representatives of the IAC agencies approved by interim action on 9 September 1958, the dissemination of the EIC Biweekly and Semiannual Reports on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas to the newly established Development Loan Fund.

2. The EIC representatives of the IAC agencies, the Departments of Commerce and Interior, and the Office of the Secretary of Defense approved by interim action on 17 September 1958, the revised Terms of Reference for the Subcommittee on Petroleum (see EIC-D-318).

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